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17 April 1959

Dear Red,

Enclosed are three copies of the estimated additional funds required to satisfactorily complete and ship the 3000 Clams. As you may remember, the original Cost Estimate for the program had been somewhat higher and at your request, we resubmitted a reduced estimate in May of last year. In the cover letter with the estimate, we pointed out that it was difficult to determine the actual man hours required on these small productions, particularly when unforeseen extingencies appear.

Primarily, the sealing of the insert on the side of the Clam has led to considerably more difficulty than had been expected. The final report did not indicate this to be a time-consuming problem as no physical tests were made to determine that the seal was water-tight. However, we have considered it necessary to physically test each unit after sealing since a leak at this point could possibly interrupt the flame continuity and thereby cause a failure to fire the detonators.

In addition, there has been a further unexpected expense, namely, when the mold was received by this organization, it was found that several of the magnet knock-out pins had to be replaced due, we believe, to carelessness on the part of the previous molder. Further, one end of the mold had to be sandblasted as this had not been performed by the fabricator of the mold. I believe, therefore, you will agree that the above facts constitute a justifiable extension in the scope of the contract.

Regards,



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COST ESTIMATE

80 hrs. Engineering Labor @ \$2.50	\$ 200.00
20 hrs. " " @ \$3.50	<u>70.00</u>
Sub Total I	\$ 270.00
Overhead @ 120%	<u>324.00</u>
Sub Total II	\$ 594.00
Repair & Sandblasting of Die	<u>125.00</u>
Sub Total III	\$ 719.00
G & A @ 7%	<u>50.00</u>
Sub Total IV	\$ 769.00
Fee @ 8%	<u>62.00</u>
Total	\$ 831.00

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